



Lean 6-Sigma Program



Department of Business Oversight

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(Project Greenbelt)

Lori Purser
(Project Champion)

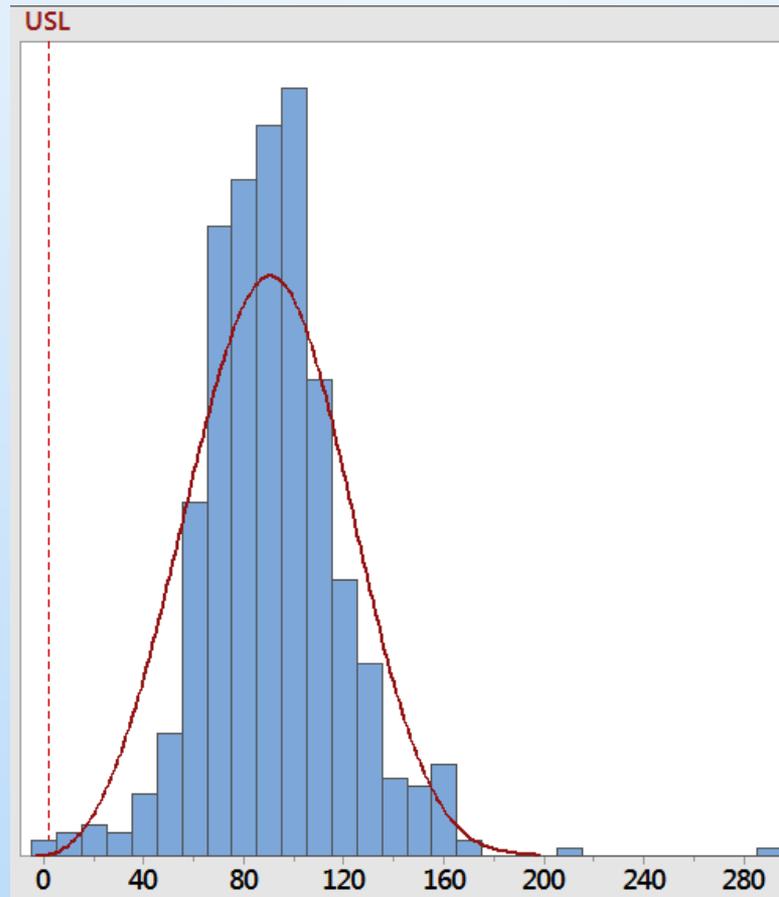
Dave O'Toole
Jan Lynn Owen
(Executive Sponsors)



Name of Project

- ❖ **Problem Statement:** From the time Mortgage Lending Complaint Unit (ML-CU) receives a complaint from the Consumer Services Office (CSO) it takes more than 60 days for it to be picked up for review by an ML-CU examiner. Once it is picked up for review, it takes an average of 11 hours to close a complaint, however these hours are often spread over several weeks or months. For example, in the last quarter of 2014 seventy percent of complaints picked up were open for more than 30 days and some were open more than 120 days--a grand total of six months (60 + 120 days) to process a complaint. When lengthy delays like this occur the ML-CU receives follow-up calls from irate complainants who require more time to manage and whose complaints must be prioritized over others.
- ❖ **Objective:** To reduce the time to close a complaint after receiving it from CSO to 14 days or less.
- ❖ **Project Team:**
 - ❖ *Lori Purser, Project Champion*
 - ❖ *Rocelyn Obar, Project Green Belt*
 - ❖ *Alma Nolasco, Team member*
 - ❖ *Ann Vo, Team member*
 - ❖ *Carol Vecchio, Team member*
 - ❖ *Elenita Morales, Team member*
 - ❖ *Glenn Zardes, Team member*
 - ❖ *Jackie Ahimbisibwe, Team member*
 - ❖ *Rosalinda Gomez, Team member*
 - ❖ *Ying Wei, Team member*

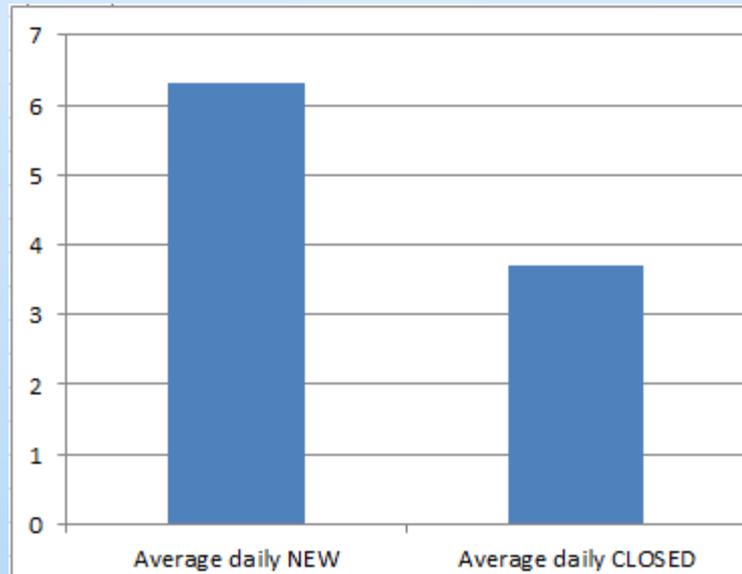
Baseline Capability



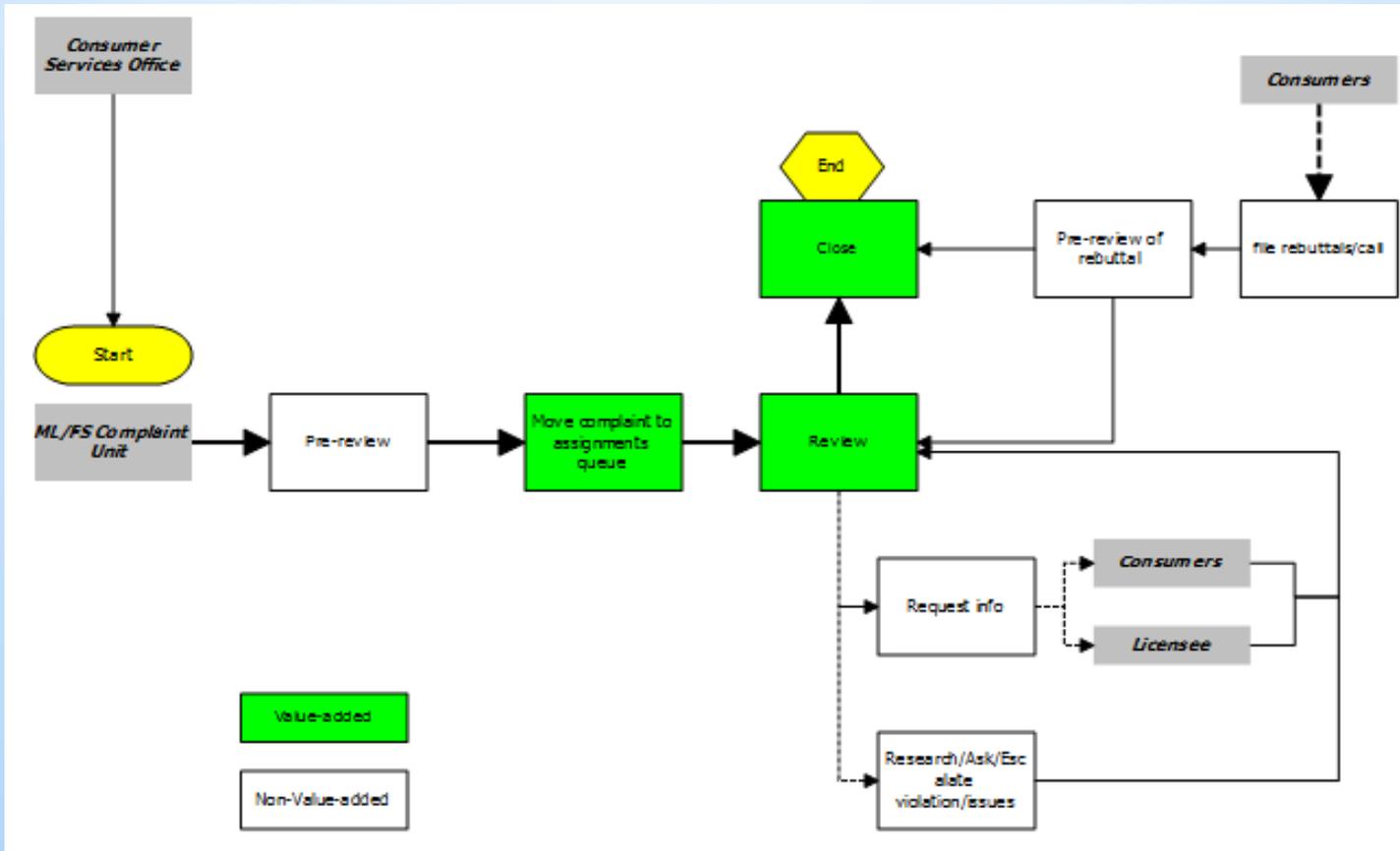
❖ Observed Performance: Less than 1% were closed within 14 days

Takt time vs. Cycle time

- ❖ Takt time, or customer demand = 1.2 hours/complaint
 - ❖ Or, 1 complaint is received every 1.2 hours; or 6.3 complaints per day
- ❖ Cycle time, or how well we are meeting customer demand= 2 hours/complaint
 - ❖ Or, 1 complaint is closed every 2 hours; or 3.7 complaints closed per day



Initial Process Map



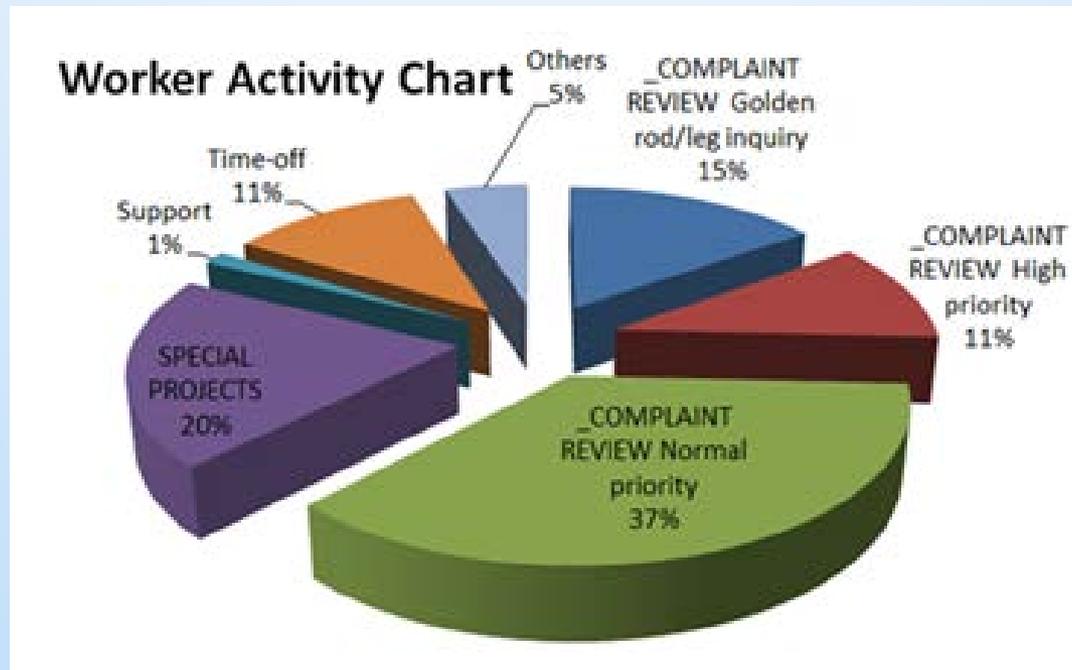
❖ Items in white are non-value added; green, value-added

Analysis Tools

- ❖ Capability Analysis
- ❖ Fishbone diagram
- ❖ Worker Activity Analysis
- ❖ Completion Time Analysis
- ❖ Work-in-progress Analysis
- ❖ Boxplots
- ❖ Pareto charts
- ❖ FMEA
- ❖ Hypothesis testing

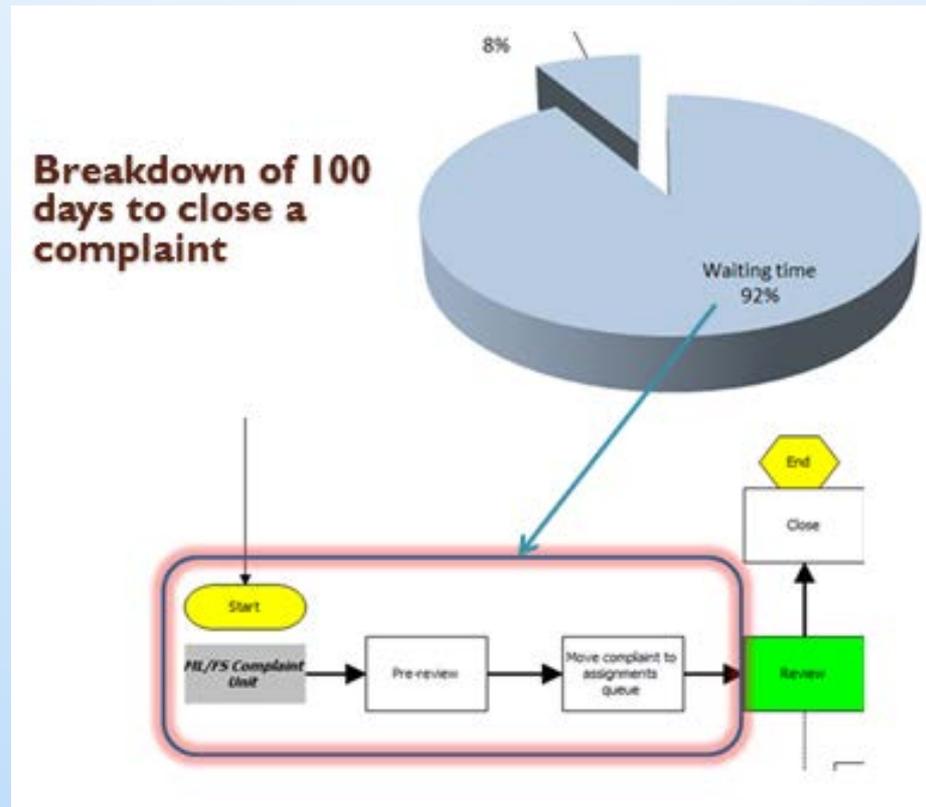


Key Finding#1: Time Spent on Complaints



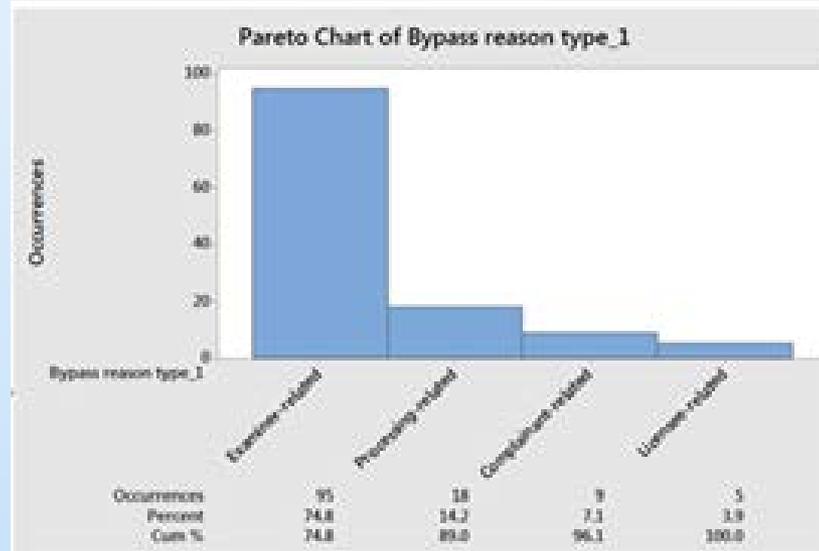
- ❖ For the 1st quarter of 2015, only 48% of examiners' hours were spent on reviewing complaints, with 11% spent on high-priority complaints. The rest were spent on special projects, support, golden-rods, etc.

Key Finding#2: Impact of backlog



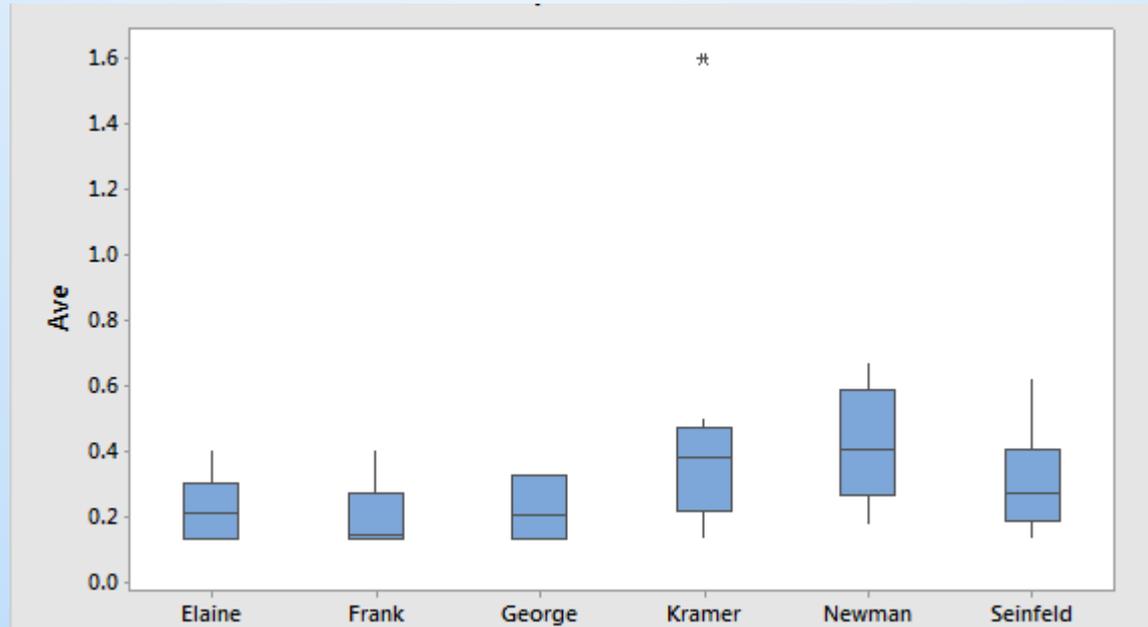
- ❖ On selected data that showed an average of 100 days to close a complaint, 92 days out of the 100 days comprised of “waiting time” for available examiners to pick up complaints for review.

Key Finding#3: Delay reasons (“failure modes”) why complaints can’t be closed at first review



- ❖ Initially, it was thought that licensees’ incomplete response caused the most delay
- ❖ Findings:
 - ❖ In order of least to most impact, delay reasons were caused by licensee (*least*), complainant, intake processing and examiners (*most*)
 - ❖ **Top delay reason was determined to be examiners’ need to research laws and regulations to determine if there is a violation or not**

Key Finding#4: Difference in review duration between examiners



- ❖ Initially, it was thought that there must be significant difference in review duration by Law or by selected licensees
- ❖ Findings:
 - ❖ No significant difference in review duration between Laws, nor between Licensees.
 - ❖ There was a significant difference in review duration **between examiners**

Critical X's (root causes of problems)

- ❖ On Examiner's review process
 - ❖ **Time spent researching laws and regulations to determine any violation**
 - ❖ Need to be proficient in 5 laws administered by DBO
 - ❖ Rebuttals and re-opened complaints
 - ❖ Responses
 - ❖ Going back & forth with licensee to get responses
 - ❖ Late responses, exacerbated by not following up promptly
 - ❖ Response, when received, is not promptly reviewed
 - ❖ Additional time spent uploading Outlook emails to DOCQNET, for documentation purposes



On Backlog

- ❖ “Project: Quick Close” was implemented to clear the backlog
 - ❖ Approach: After reviewing a complaint and determining that it cannot be closed at first review (i.e., “quick-close”), suspend any additional step that needs to be taken, temporarily bypass the complaint, and instead pick up another complaint to review
- ❖ “Project: Quick Close” + some Overtime significantly cleared the backlog. To compare:
 - ❖ As of 3/30/15, oldest complaint to be picked up for review was received on 12/11/14, **3 months prior**
 - ❖ As of 6/22/15, oldest complaint to be picked up for review was received on 6/11/15, **11 days prior**



Improvement Techniques

- ❖ Streamlined golden-rod process
 - ❖ Reviews complaint on Day 1 then sends licensee a list of items needing response, rather than wait for licensee's response after 7 days then reviews if complete response
- ❖ On foreclosure-related complaints: Transferred burden of FC compliance to licensee
 - ❖ Reiterates FC compliance requirements and special review to licensee, rather than DBO requesting FC postponement and prioritizing review to determine FC compliance
- ❖ CSO continues to ensure only review-ready complaints are referred to ML-CU

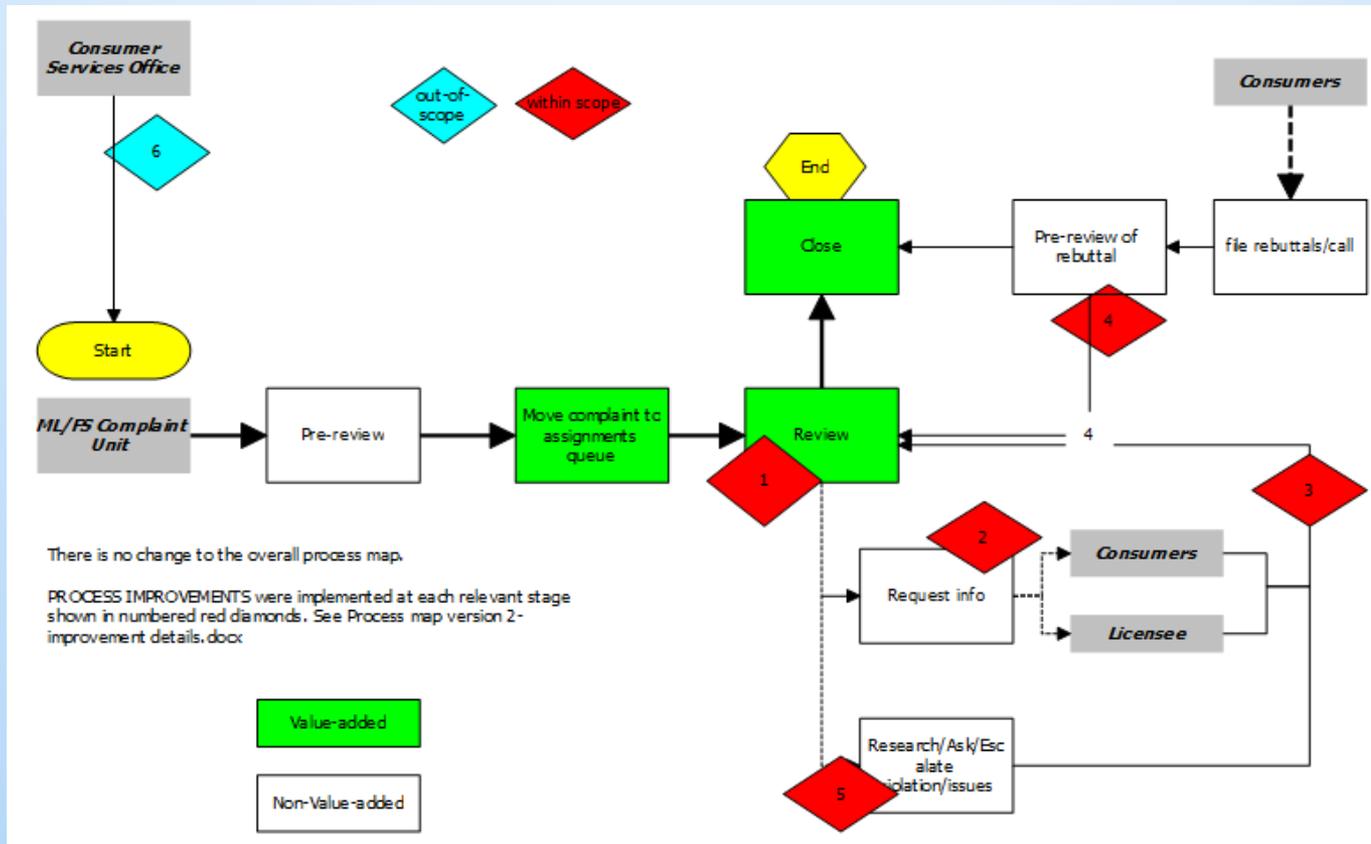


Improvement Techniques (continued)

- ❖ On examiner's review process:
 - ❖ Conduct high-quality *first review*
 - ❖ When requesting additional items, send request in list form, email through the complaint system, set due date and set tracking option
 - ❖ Mandatory daily workload management tasks, condensed in 1-page visual guide "Examiner workload management" to ensure adherence
- ❖ Out-of-scope process improvement
 - ❖ Complaint examiner to review a CSO complaint on day 1 and send licensee a list of items to address
 - ❖ Takes advantage of 14-day waiting time for licensee to respond
 - ❖ Ensures complete response

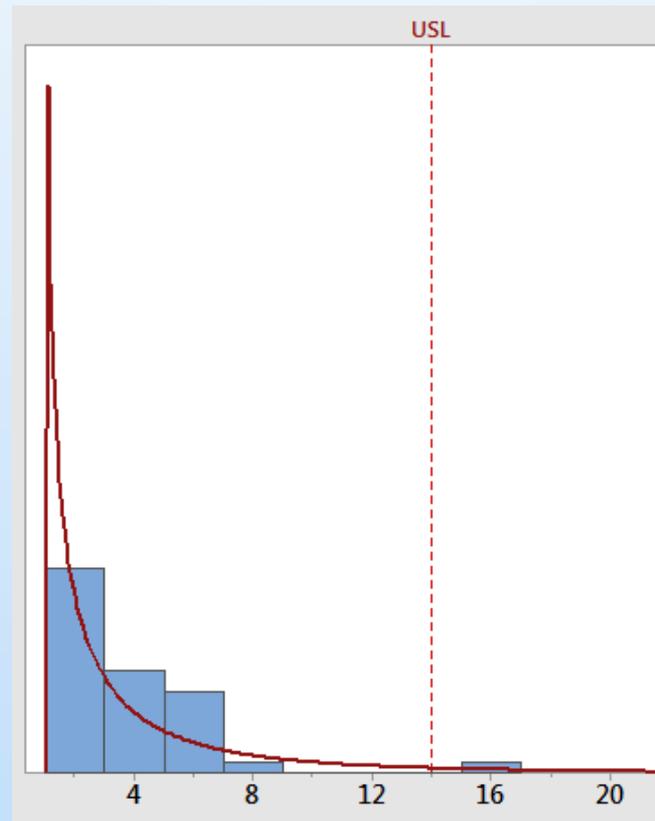


New Process Map



- ❖ No change in process map
- ❖ But process improvements were implemented at each relevant step, shown in red, numbered diamonds

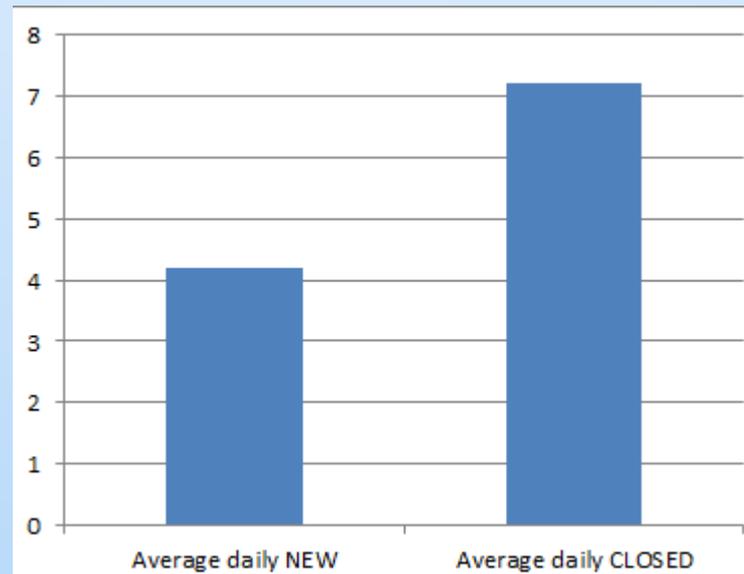
New Capability Analysis



- ❖ **Preliminary findings** on complaints received between 6/22/15-7/9/15: As of 7/9/15:
 - ❖ Of the 40 complaints that were closed, 39 or 98% were closed within 14 days;
 - ❖ The 1 complaint that is open is still within 14 days of receipt from CSO

New Takt time vs. Cycle time

- ❖ Takt time, or customer demand = 1.8 hours/complaint
 - ❖ Or, 1 complaint is received every 1.8 hours; or 4.2 complaints per day
- ❖ Cycle time, or how well we are meeting customer demand= 1 hour/complaint
 - ❖ Or, 1 complaint is closed every hour; or 7.2 complaints closed per day



Control Plan

❖ Monitor:

- ❖ Complaints that have stayed open with examiners for more than 2 days
- ❖ Re-opened complaints due to rebuttals

❖ Periodically report on:

- ❖ Complaints received vs. Closed for the period
 - ❖ Ideally, we should be closing at least the same number of new complaints we are receiving; better yet, closing more complaints than are being received
- ❖ Complaints closed per hour spent on complaints
 - ❖ Ideally, number of complaints closed per hour should at least stay the same; better yet, number of complaints closed per hour is increasing
- ❖ Complaints closed, that 95% were closed within 14 days of receipt from CSO
- ❖ Open complaints, that 95% are still within 14 days of receipt from CSO



Additional Benefits from the Project

- ❖ Now over-staffed!
 - ❖ Examiners are assisting other units
- ❖ Improved morale
 - ❖ Historically, CU always had a backlog
- ❖ Opportunity for customer-focused projects
 - ❖ For example: Post FAQs online thereby possibly decreasing number of consumer complaints received
- ❖ Promotes division-level efficiency
 - ❖ Recommends to move complaints review from “1 centralized complaints unit reviewing 5 laws” to → “1 existing law unit reviewing own law”
 - ❖ Re-organization to eliminate complaints unit



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